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S E C R E T SECTION 01 OF 04 BAKU 000820

SIPDIS

DEPT FOR DAS KAIDANOW, EUR/CARC

E.O. 12958: DECL: 10/15/2034

TAGS: [PGOV](#) [PREL](#) [AM](#) [TU](#) [RU](#) [AJ](#)

SUBJECT: BAKU SCENESETTER FOR DAS KAIDANOW'S OCT 22-24 VISIT

REF: A. BAKU 787

[1](#)B. BAKU 534

[1](#)C. BAKU 526

Classified By: Charge Donald Lu, Reasons 1.4 (b) and (d).

[1](#)1. (C) Summary: Your visit to Baku on the heels of the signing of the historic Turkey-Armenia protocols. Given tensions in the region, it will be an important opportunity to build upon the reassurances offered by Deputy Secretary of State Steinberg and Energy Deputy Secretary Poneman. Azerbaijan's acute fear of betrayal by Turkey is paired with the knowledge of the significant U.S. role in the process. The prospect for this issue to threaten U.S. strategic interests is likely manageable because Azerbaijan has few realistic alternatives to its foreign policy to date, but the danger is real and countering it will demand significant effort. Your visit is also an opportunity to discuss N-K in line with the Minsk Group Basic Principles, continuing successful military and energy cooperation, and also to convey how Azerbaijan's lackluster human rights and democracy record damages its own equities in the bilateral relationship. Finally, we encourage you to raise Embassy security issues, including construction of a new Embassy compound, with the Azerbaijani leadership. End Summary.

Turkey-Armenia: The Issue to End All Issues

[1](#)2. (C) President Aliyev has made little secret of his sense of betrayal by the Erdogan government over the Turkey-Armenia protocols. Azerbaijan's reaction to the late-August announcements and the signing itself were marked by less apoplexy than the outburst that followed the April "roadmap" announcement, in part due to better Turkish handling of the situation, but the GOAJ's basic position remains set. The intervening months also gave Aliyev time to appreciate the situation strategically. Now Azerbaijan will have its eye on the ratification process for the protocols to see if Erdogan holds to the promises he made in Baku and elsewhere not to allow Azerbaijani interests to be harmed. Aliyev has taken care with U.S. interlocutors not to accuse Washington directly of betraying his interests, but is less guarded with Europeans (Reftel A), whom he also blames.

[1](#)3. (C) In meeting with President Aliyev and Foreign Minister Mammadyarov, you may wish to emphasize that the

Turkey-Armenia process has brought unprecedented attention to the Nagorno-Karabakh dispute at the highest levels of the USG, and underscore our commitment to settling the conflict along the lines of the Minsk Group Basic Principles. However, it is important to note that Azerbaijan rejects the idea that the Turkey-Armenia process, de-linked from NK, creates any incentive for Armenia to cooperate. While Aliyev and Mammadyarov will absorb the message about increased U.S. attention to the problem, they will argue that Armenia will never compromise without outside pressure to do so. The President commonly states, most recently to Energy Deputy Secretary Poneman, that Turkey-Armenia rapprochement, absent a direct link to progress on NK, bolsters Sargsian's stubbornness at Minsk Group gatherings, and leads to "unconstructive" dialogue. The key here is to stress that in order for Turkey-Armenia to play a constructive role in the NK process, it must be managed intelligently by Azerbaijan, Armenia, Turkey and the Co-Chairs.

¶4. (C) There has been much discussion in Baku, Yerevan, Ankara and elsewhere about the need for "progress" on Nagorno-Karabakh to drive ratification of the protocols through the Turkish parliament. There does not seem to be, however, a common definition of "progress." In Baku, the notion of progress ranges from Armenian withdrawal from the occupied territories to the right of Azerbaijanis to return to the NK enclave. In Yerevan, meanwhile, there does not seem to be much interest in moving beyond the status quo. Others point to acceptance of the Basic Principles as an indicator of "progress." Regardless, President Aliyev was careful at Chisinau to avoid use of the word, with the

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co-chairs referring instead to a "positive dynamic."

Security and Energy: The "Good Parts" of the Relationship

¶5. (S) Azerbaijan has been and continues to be a valued partner to the United States in Afghanistan. Azerbaijan recently increased its modest contingent there, has volunteered for other tasks supporting the Afghan government and has permitted extensive use of its airspace and transport infrastructure to support U.S. logistics. Significantly, Azerbaijan is in serious talks with DoD to initiate a "train and equip" (TEP) program that would support battalion-strength (400-700 soldiers) rotational deployments of Azerbaijani troops. Azerbaijan and the United States also enjoy excellent cooperation on counterterrorism and Caspian maritime security, both areas that have the advantage of being outside the ambit of Section 907. Secretary Clinton recently sent a letter to President Aliyev to express appreciation for the arrest and conviction of Ali Mohammed Karaki and Ali Hussein Najmaddin, who were accused of plotting to attack the Israeli Embassy in Baku.

¶6. (C) FSA Section 907, after NK and Turkey-Armenia, is the key Azerbaijani grievance in the bilateral relationship. Azerbaijan remains keenly interested in purchasing U.S. military equipment, and sees Section 907, despite annual waivers, as a barrier. The Minister of Defense will be especially vehement on the subject. The Foreign Ministry will press you for a statement by the Obama Administration consistent with previous Administrations' opposition to the section. (Note: The Clinton and Bush administrations issued statements of opposition to Section 907, but noted that action lies in the U.S. Congress. The Obama Administration has not publicly stated opposition or support for Section 907. End Note.)

¶6. (C) We recommend being open with the Azeris about the fact that there is currently a policy dialogue in Washington about how to move forward on 907. It is worth highlighting Executive Branch's unbroken record of waiving 907, and point to the potential TEP and promising work being done to craft

an Foreign Military Sales (FMS) case for serious upgrades to Azerbaijani air surveillance capabilities as examples of serious cooperation that can go forward even as Congress seems unlikely to take any immediate action on 907. Progress on a TEP, including a successful assessment by EUCOM (yet to be agreed to by Azerbaijan) in mid-November of an Azerbaijani unit of the type that would deploy, and a larger subsequent Azerbaijani presence in Afghanistan would do much to improve Azerbaijan's standing in the U.S. Congress and could lead to fewer restrictions on sales of U.S. weapons systems.

17. (C) On energy, Baku appears to be solid in its desire to build on the success of the BTC pipeline - now augmented by the delivery of limited amounts of Kazakh oil - by exporting natural gas westward, but the exact path the gas will follow is undetermined. The Nabucco Inter-Governmental Agreement (IGA) signed in July has kept that project on the front burner, but Azerbaijan's negotiations with Turkey on transit tariffs and pricing for both Shah Deniz phase I and II gas are acrimonious. Given the broader political picture in the region -- and specifically Azerbaijan's misgivings about Turkey-Armenia rapprochement -- there appears to be little hope for immediate progress. Uncertainty about Turkmen and Iraqi supplies also complicates the Nabucco picture While Azerbaijan's search for options - such as bilateral supply agreements with European consumers and alternative projects such as the Italy-Turkey-Greece Interconnector (ITGI) - continues, Baku remains the key supplier to Georgia, relieving that country of dependence on Russia for energy supplies. Azerbaijan recently concluded a small-scale gas supply deal with Gazprom, which many view as a symbolic effort to shore up leverage over the Turks. Regardless, that agreement left untouched the gas reserves (Shah Deniz II) that would serve a Southern Corridor (Reftel B). President Aliyev has said on several occasions, including this month to DOE Deputy Secretary Poneman, that Turkey may not see additional Azerbaijani gas if Turkey ignores Azerbaijan's

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concerns in its dealings with Yerevan.

Democracy: Nothing to Cheer About

18. (C) The recent news on democracy and human rights in Azerbaijan has been negative. From the flawed presidential elections of October 2008, to the hastily organized and more-flawed referendum of March 2009 that lifted Presidential term limits, to the removal of VoA and RFE/RL from national frequencies, to provocations and bogus criminal charges against government critics, the GOAJ has all but abandoned the pretense that Azerbaijan is in any kind of transition to European-style democracy from its Soviet past. The high-profile trial of the youth activists and bloggers Emin Milli and Adnan Hajizade is likely to conclude at the end of October with a conviction of the two young men, although the verdict is not yet out nor exact sentence determined. That said, Azerbaijan's situation pales in comparison to that of Iran and violence, such as that in the Russian republics of the North Caucasus, is largely absent. Corruption, fueled by oil revenues, is rampant.

19. (C) The GOAJ invariably labels criticism of its record from the USG as "double standards" and reflective of a pro-Armenian bias. Azerbaijan often dismisses such criticism, reckoning that 907 already cuts Baku off from what it really wants from the U.S. and that its energy resources provide insurance against real pressure from Washington. Plus, an Azeri cultural tendency to sulk when criticized, and to be content to do so rather than engage on issues, stifles dialogue. However, there have been instances where U.S. advocacy has achieved modest improvements or averted particularly bad outcomes, such as when Azerbaijan considered adopting an NGO law more restrictive than Russia's (Reftel

C). President Aliyev can be somewhat responsive to U.S. advocacy, especially if the criticism is directed at an idea that percolated up from the reactionary back benches of the ruling party without being vetted at the Apparat. The youth activist trial is another opportunity for USG advocacy to do some good. In general, President Aliyev does not seem well-informed or concerned about the effect of these issues on how Azerbaijan's interests are viewed in Washington, but it is essential that he develop this awareness. We recommend you suggest the resumption of the Democracy and Human Rights Dialogue jointed chaired the DRL A/S and the Foreign Minister.

Embassy Security and a New Embassy Compound

¶11. (C) The Ministry of Internal Affairs has informed the American Embassy, as well as others in the diplomatic community in Baku, that police protection at U.S. Government facilities beyond the Chancery will no longer be provided free of charge. In the past, armed "Diplomatic Police" stood guard at the Landmark Building Annex, where this mission maintains unclassified office space (State Department, USAID, DTRA, ODC and other security assistance programs, etc.), and at the Ambassador's residence, as well as at the Chancery. The Embassy was not charged for these services. Under new internal rules, armed protection of the Chancery, in accordance with international agreements, will continue free of charge, but the GOAJ will not provide gratis armed protection of the Annex and the Ambassador's residence. Rather, the Interior Ministry (MIA) is proposing a fee-for-services arrangement, which could cost the USG \$150,000 - \$200,000 per year initially for protection equivalent to past years. Moreover, the MFA informed the RSO recently that weapons permits will no longer be approved for Azerbaijani citizens who work as body guards for the Ambassador. This Mission has six such bodyguards positions. At the same, there is no movement from the GOAJ on our request to construct a new Embassy compound in Baku.

¶12. (C) The Embassy requests that you repeat earlier requests for support for our efforts to conclude a lease arrangement

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